## ARE YOU READY FOR HOMEOWNERSHIP?

⇒Frequently Asked Questions Regarding the Section 8 Homeownership Program

#### 1. How Does It Work?

In the Section 8 Homeownership Program, (pending final approval and funding from HUD) you may be able to convert THS's Housing Assistance Payments into a one time downpayment assistance grant, equal to 12 times the monthly amount. In addition, you may be eligible to receive up to an additional \$35,000 in funds from Tempe's CAMP (Community Assisted Mortgage Program) and program. This amount could be even higher if you have a FSS (Family Self Sufficiency) escrow balance or have an IDA (Individual Development Account)account with matching funds.

## 2. Who Is Eligible?

- ✓ At least one adult family member has been working full time for at least one year.

  (Exceptions are made for the elderly and disabled)
- ✓ Households with <u>employment</u> income must be earning at least 30% of the area medium income. The chart below illustrates the MINIMUM amount your household must be earning in order to qualify for the program. <u>Keep in mind that your income will probably have to be higher than this to qualify for a loan with a lender.</u>
- $\checkmark$  Households relying on disability income must be earning a minimum of 12 times the monthly SSI payment. Or... 12  $\times$  \$674 = \$8,088
- ✓ You must have completed your initial lease term with Tempe Housing Services.
- ✓ You must be a first time homebuyer, meaning that no one in your household owned a home within the last three years. (Exceptions are made for the elderly, disabled, single parents and displaced homemakers.)
- ✓ No outstanding debts to any Housing Authorities.

## 3. Once Determined Eligible, What Are My Responsibilities?

- ✓ You must successfully complete a homebuyer education and counseling course.
- ✓ You must be "mortgage ready", as determined by an approved credit counseling agency.
- ✓ You must be able to contribute at least 1% or \$1,000 (which ever is higher) towards the 3% down payment requirement.
- ✓ You must locate a home to purchase that passes both federal Housing Quality Standards (HQS) and Independent home inspections.

## 4. What will my expenses be as a homeowner?

- ✓ Downpayment
- ✓ Closing costs
- ✓ Monthly mortgage payments which will include Principle, Interest, Property Taxes and Insurance. (PITI)
- ✓ Maintenance
- ✓ Utilities
- Association Dues

#### 5. How Do I Know If I'm Ready For Homeownership?

Owning a home is a big responsibility. It is important that you understand the responsibilities before you consider being a homeowner. If you plan to participate in the THS Homeownership Program, it is mandatory that you complete an approved homeownership counseling course prior to purchasing a home. You also need to clear up any credit problems and save the required minimum for the downpayment before applying for the program.

#### 6. How do I find a home to purchase?

The Section 8 Homeownership Program does not provide help in searching for a home to buy, nor does the program have homes for sale. However, the THS staff and your homeownership counselor will explain the search process to you, including working with realtors, identifying neighborhoods and deciding what kind of home best meets your family's needs.

## 7. How Do I Find A Mortgage Lender?

You will be responsible for finding a lender and applying for a home mortgage loan. You will have to qualify for a loan under the lender's requirements, which may include income, credit history, and employment history. Your homeownership counselor will help explain the process of finding a lender and applying for a loan.

## 8. Am I Limited To How Much I Pay For A Home?

The amount you are able to pay for a home depends on your total income resources. The mortgage lender will consider your total income, your Section 8 assistance (if available), and may consider other assistance you are receiving from a family member or agency. The lender will pre-qualify you for a loan based on income and other financial information. You must have this pre-qualification letter before you begin shopping for a home.

#### 9. What Kind Of Home Can I Purchase?

If approved for the Section 8 Homeownership Assistance Grant, you may purchase the following types of homes within the City of Tempe: a new or existing home, a single-family home, a condominium, a home in a planned use development, a land trust property or a manufactured home to be situated on a privately owned lot. The home must currently exist or be under construction at the time the family enters into the contract of sale. Also, the home or unit you select to purchase MUST pass both a one-time Housing Quality Standards (HQS) inspection, as well as an inspection performed by an independent and licensed home inspector.

#### 10. What Kind Of Paperwork Must I Complete?

When you purchase a home, there is a lot of paperwork which must be completed. Some of the paperwork provides THS, the lender and real estate professional with the information they need to make sure you are able to financially purchase a home. Some of the paperwork ensures that you are treated professionally and are protected. It is very important that the information you provide is accurate, complete and submitted timely. Make sure you understand any document you sign. Do not hesitate to ask the lender or real estate professional any questions that may help to clarify the process for you.

# 11. Do I Have To Give Up My Rental Voucher To Apply For A Homeownership Downpayment Assistance Grant?

No! In fact, you will keep your rental voucher and remain a renter until you have found a home to purchase, qualified for a loan and closed on the sale. If you don't find a home to purchase, you may remain in the voucher program as a renter.

## 12. I think I'm Ready To Own My Own Home. Where Do I Go From Here?

- ✓ Attend a Homeownership briefing
- ✓ Complete the Application and return it with all the requested documentation
- ✓ Successfully complete a homeownership counseling course
- ✓ Secure Financing
- ✓ Sign your Family Obligations
- ✓ Find a realtor and go shopping!!

### 13. I Have More Questions, Who Can I Call?

Contact THS's Family Self Sufficiency/Homeownership Specialist, Terry Haley-Kolesar, at 480-350-8959.